4/11/86 S6615-2

OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

MARCH 1986

FEBRUARY INDICATORS

UNEMPLOYMENT RATE

		(Seas. Adj.)
Oregon		
Feb.	1986	8.7
Jan.	1986	8.0
Feb.	1985	10.4
U.S.		
Feb.	1986	7.3
Jan.	1986	6.7
Feb.	1985	7.3

WAGE AND SALARY EMPLOYMENT INDEX

		1977=100
Oregon		
Feb.	1986	111.6
Jan.	1986	111.6
Dec.	1985	111.2
Nov.	1985	111.0
Oct.	1985	111.0

DIFFUSION INDEX

Oregon		
Feb.	1986	51.5
Jan.	1986	49.6
Dec.	1985	55.8
Nov.	1985	52.3
Oct.	1985	56.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Jan.	1986	39.1
Dec.	1985	39.1
Jan.	1985	39.0

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland MSA		
Jan.	1986	321.3
Yearly Change	+	4.7%
U.S.		
Feb.	1986	327.5
Yearly Change	+	3.2%

Portland Hotline 221-4132

THE DECLINE OF MANUFACTURING: WHAT'S IN THE FUTURE?

Graham Slater

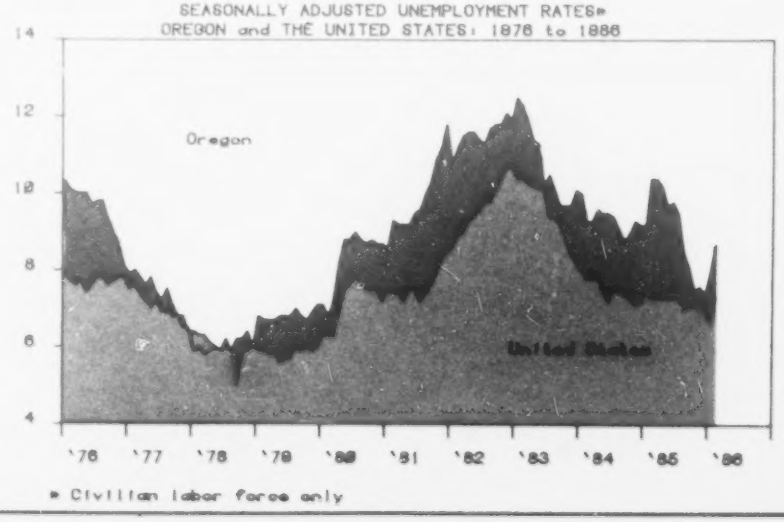
"As far as I understand it, we do not need the same number of people to produce what we require to cover the basic facilities of food and clothes. Therefore, to the young person there comes across the message, 'we have no place for you; we do not require you in order to establish the wealth of this country.'" This statement by Michael Newman, Vice-Chairman of England's National Children's Home, was made during discussion at the Royal Society for the encouragement of Arts, Manufactures and Commerce. The society, founded in 1754, designated 1986 as Industry Year in an attempt to "generate a new enthusiasm and a new regard for industry".

What does this have to do with Oregon's labor market? A great deal! Many of the problems discussed by the Society are those which have affected Oregon so disastrously these past six years. While looking at Oregon's economic performance in February we will consider statements from a recent presentation to the Society which make two points clear:

1. Oregon is not alone in suffering from the loss of large numbers of manufacturing jobs.

2. The long-term effect of the current decline may be much more damaging than we realize.

February's statistics showed no definite trends. The state's seasonally adjusted unemployment rate rose from 8.0% to 8.7%, the largest monthly increase in 12 months, and the rate's highest level since July 1985. Total employment fell by 3,000 to 1,202,100, while those without a job and looking for work rose to



RESIDENT OREGON LABOR FORCE

	FEB. 1986 1/	JAN. 1986 2/	CHANGE	% CHANGE	FEB. 1985 5/
CIVILIAN LABOR FORCE 3/	1,331,300	1,328,200	3,100	0.2	1,321,000
UNEMPLOYMENT	129,200	123,100	6,100	5.0	151,200
PERCENT OF LABOR FORCE	9.7	9.3	XXX	XXX	11.4
SEASONALLY ADJUSTED PERCENT	8.7	8.0	XXX	XXX	10.4 *
TOTAL EMPLOYMENT 4/	1,202,100	1,205,100	- 3,000	- 0.2	1,169,800

* CORRECTED

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1986 1/	JAN. 1986 2/	FEB. 1985	CHANGE FROM JAN. 1986	CHANGE FROM FEB. 1985
TOTAL 3/	1,023,400	1,022,100	998,300	1,300	25,100
WAGE & SALARY EMPLOYMENT INDEX 4/	111.6	111.6	108.9	XXX	XXX
DIFFUSION INDEX 5/	51.5	49.6	48.5	XXX	XXX
TOTAL MANUFACTURING	193,400	193,400	193,600	0	- 200
DURABLE GOODS	142,900	144,300	142,900	- 1,400	0
LUMBER & WOOD PRODUCTS	61,900	62,100	61,900	- 200	0
LOGGING & SAWMILLS	31,900	32,000	31,700	- 100	200
VENEER & PLYWOOD	16,300	16,200	16,700	100	- 400
MILLWORK & STRUCTURAL WOOD	8,600	8,800	8,300	- 200	300
MOBILE HOMES	1,500	1,500	1,400	0	100
OTHER WOOD PRODUCTS	3,600	3,600	3,800	0	- 200
FURNITURE AND FIXTURES	2,800	2,700	2,600	100	200
STONE, CLAY, GLASS & CONCRETE	2,600	2,600	2,800	0	- 200
PRIMARY METALS	8,600	8,800	8,800	- 200	- 200
BLAST FURNACES, IRON & STEEL	5,500	5,600	5,500	- 100	0
NONFERROUS METALS	3,100	3,200	3,300	- 100	- 200
FABRICATED METALS	11,600	11,700	10,300	- 100	1,300
FABRICATED STRUCTURAL METALS	6,000	6,100	4,800	- 100	1,200
OTHER FABRICATED METALS	5,600	5,600	5,500	0	100
MACHINERY	15,000	15,200	15,900	- 200	- 900
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,600	14,400	- 200	- 1,000
TRANSPORTATION EQUIPMENT	10,400	10,900	9,100	- 500	1,300
INSTRUMENTS & RELATED PRODUCTS	14,100	14,200	14,700	- 100	- 600
MISCELLANEOUS MANUFACTURING	2,500	2,500	2,400	0	100
NONDURABLE GOODS	50,500	49,100	50,700	1,400	- 200
FOOD & KINDRED PRODUCTS	20,200	18,700	20,400	1,500	- 200
CANNING & PRESERVING	10,100	8,600	10,200	1,500	- 100
OTHER FOOD PRODUCTS	10,100	10,100	10,200	0	- 100
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,300	2,300	2,600	0	- 300
PAPER & ALLIED PRODUCTS	9,100	9,200	8,700	- 100	400
PRINTING & PUBLISHING	11,300	11,500	11,400	- 200	- 100
CHEMICALS & ALLIED PRODUCTS	1,900	1,900	2,100	0	- 200
PETROLEUM REFINING	300	300	400	0	- 100
RUBBER & PLASTIC PRODUCTS	3,200	3,100	3,000	100	200
LEATHER PRODUCTS	600	500	400	100	200

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1986	JAN. 1986	FEB. 1985	CHANGE FROM JAN. 1986	CHANGE FROM FEB. 1985
(CONT.)					
TOTAL NONMANUFACTURING	830,000	828,700	804,700	1,300	25,300
MINING & QUARRYING	1,500	1,500	1,400	0	100
CONSTRUCTION	27,500	28,100	27,500	- 600	0
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,000	58,200	56,300	- 200	1,700
TRANSPORTATION	36,200	36,500	34,500	- 300	1,700
RAILROAD	4,700	4,700	5,100	0	- 400
TRUCKING & WAREHOUSING	20,000	20,200	18,700	- 200	1,300
OTHER TRANSPORTATION	11,500	11,600	10,700	- 100	800
COMMUNICATIONS	13,200	13,100	13,300	100	- 100
UTILITIES	8,600	8,600	8,500	0	100
TRADE	254,900	257,200	247,000	- 2,300	7,900
WHOLESALE TRADE	66,700	66,800	64,700	- 100	2,000
DURABLE GOODS	39,100	39,000	38,100	100	1,000
NONDURABLE GOODS	27,600	27,800	26,600	- 200	1,000
RETAIL TRADE	188,200	190,400	182,300	- 2,200	5,900
GENERAL MERCHANDISE	25,300	26,400	24,200	- 1,100	1,100
FOOD STORES	29,700	29,500	27,400	200	2,300
AUTO DEALERS & SERVICE STATIONS	23,500	23,500	23,300	0	200
OTHER RETAIL TRADE	109,700	111,000	107,400	- 1,300	2,300
FINANCE, INSURANCE, & REAL ESTATE	66,300	66,600	64,500	- 300	1,800
BANKING & CREDIT AGENCIES	23,500	23,800	23,300	- 300	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	42,800	42,800	41,200	0	1,600
SERVICES	217,700	215,700	207,800	2,000	9,900
HOTELS & PERSONAL SERVICES	23,300	23,000	23,700	300	- 400
HEALTH SERVICES	71,400	71,200	67,400	200	4,000
OTHER SERVICES	123,000	121,500	116,700	1,500	6,300
GOVERNMENT	204,100	201,400	200,200	2,700	3,900
FEDERAL GOVERNMENT	28,200	28,100	28,000	100	200
STATE GOVERNMENT	54,900	54,200	54,300	700	600
EDUCATION	23,900	23,400	23,700	500	200
OTHER STATE	31,000	30,800	30,600	200	400
LOCAL GOVERNMENT	121,000	119,100	117,900	1,900	3,100
EDUCATION	78,700	76,700	77,000	2,000	1,700
OTHER LOCAL	42,300	42,400	40,900	- 100	1,400
LABOR-MANAGEMENT DISPUTES	0	0	600	0	- 600

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

129,200 - a 6,100 increase over January. This paralleled the trend in the national rate. January's seasonally adjusted U.S. rate was 6.7%. In February, the rate rose to 7.3%.

The unemployment rate provides an incomplete picture of Oregon's economic condition. Three employment-related indicators should also be considered. While the unemployment rate rose, two other indicators relating to nonagricultural wage and salary employment showed no clear trends. The nonfarm employment index, which is seasonally adjusted, remained unchanged between January and February.

The diffusion index attempts to predict what will be happening three to six months down the road. Various articles have been published on the methodology behind this index. (See Oregon Labor Trends, June 1985). In general, a measurement above 50.0 suggests that employment will be increasing in the near future, while a level below 50.0 portends the opposite. In February, the index rose from January's 49.6 to 51.5. In spite of the increase, its level does not point to much improvement on the horizon. Given these mixed signals, let's turn our attention to the industry employment series, and also examine long-term manufacturing trends.

In the last 12 months, over 23,000 payroll jobs have been added to Oregon's economy. In that same period, manufacturing employment has fallen by 200. Industries such as lumber and wood and food and kindred products are not replacing the jobs lost in the early '80s. The causes for this decline have been discussed in detail in other publications and in previous articles in Oregon Labor Trends. Similarly, the immediate effects of the decline (high unemployment, population and income loss) have also been discussed. But what of the less immediate, less obvious effects? Can a society survive without a strong manufacturing base? Will young people have any desire to seek employment in a manufacturing sector which cannot offer job security? Will not-so-young people decide that they must break in mid-career, learn new skills, and therefore not be available if and when the manufacturing sector needs them?

Nonfarm payroll employment in Oregon reached 1,023,400 in February, its highest level for this time of year since 1980 (1,047,700). However, manufacturing employment's share has fallen from 21% (213,600) in 1980 to 19% (193,400) this year. Few manufacturing industries showed any change last month. Only food products, adding 1,500 jobs following an unusually poor January, made any real movement. Comparisons with a year ago show that only two major industries recorded employment growth. The number of jobs in fabricated metals grew from 10,300 to 11,600, partly due to a series of contracts for the production of oil drilling modules. Transportation equipment manufacturing also showed an increase, primarily in ship repair, but the volatility of this industry suggests that the 1,300 'new' jobs may be 'here today, gone tomorrow'.

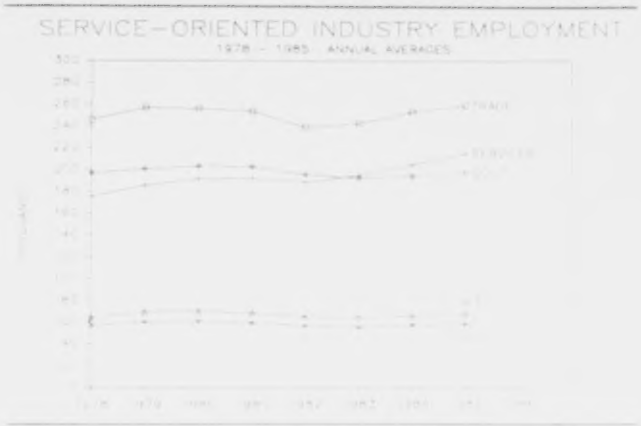
Certain manufacturing industries have historically been crucial to Oregon's growth. Unfortunately, these key industries have shown little momentum of late. Lumber and wood products had a slightly disappointing month, with an overall loss of 200 jobs, rather than the gain of 800 which is expected at this time of year. Food processing added 1,500 jobs last month, but this 'progress' is tempered by the fact that January's level of 18,700 was the lowest in the industry since 1975. Industry employment is still 200 below year ago levels.

Construction, another key Oregon industry, but not part of the manufacturing sector, has also suffered through six difficult years. The industry performed about as expected in February, losing 600 jobs, all in building construction. Comparing the current level (27,500) with February 1985 (also 27,300), 1983 (22,300), and 1980 (47,000) shows that progress has been slow, if not meager.

Recalling the Royal Society presentation, two comments are relevant to each of these important Oregon industries. The Reverend Harold Clarke, Principal, Luton Industrial College, commented that he had recently spent a week working with 50 "bright young people" who were beginning the process of choosing their career. "All but five chose to move into areas which they understood to be more secure than industry." Employers in Oregon's manufacturing sector may not currently need to attract large numbers of workers, young or old, but the message that these people are receiving could be disastrous for our state in the next several decades.

Dr. Alan Mawson, Director, Innvotec Ltd., commended young people for being aware of "those sectors of the economy where there is greatest potential for reward." He went on to describe an increasingly common scenario where "they enter the service sector, typified by an insurance company, because they can see that the company makes more profit per car insuring Fiat cars in transit from Italy than Fiat does in manufacturing them, than the transporter does transporting them, and the dealer in this country does in distributing them."

This illustrates the increasing importance of service-oriented industries. Notable over the month change was limited to three industries - trade, services, and government. Losses in trade were purely seasonal, following the holidays. In fact, the loss of 2,300 jobs was 300 less than expected. Employment gains were recorded in services (+2,000) and government (+2,700) with education-related hiring the largest single reason in both cases.



If we compare current employment to year ago and historical levels, we can see the growth in service-oriented industries and the demise of manufacturing. Look at employment in transportation, communications, utilities, trade (retail and wholesale), finance, insurance & real estate, services, and government. All but one expanded over the past year, and that one (communications) lost just 100 jobs. Trade employment grew by 7,900 and services by an even larger 9,900. Taking an even longer-term view, three of our major industry groups (transportation, communications & utilities, finance, insurance & real estate, and government) recorded their best February since 1981, while trade and services recorded their best February ever.

Many accept that the makeup of Oregon's economy is permanently changing, as is that of the entire U.S., toward a service-oriented future. But there are those who question the long-term viability of such an economy, not only from the viewpoint that service jobs often pay less than those in manufacturing, but also because of a long-held view that manufacturing industry is the base on which our economy is built. "A community which does not recognize the necessity, value and virtue of the principal activity by which it earns its living, which does not affirm and celebrate that activity and which does not teach its young to understand and respect that activity, cannot have a positive and hopeful view of its own future. You cannot say 'Yes' to your own future if you do not say 'Yes' to the activity on which that future depends." (Kenneth Adams, CVO, RSA Comino Fellow).

It is impossible to know whether this argument will be proven true over the next few years. Many would agree with the above statement, and even offer substantive evidence to prove their case. In economics or any other 'non-precise' science, there will always be others who use similarly sound arguments to dispute the above. Either way, it is something that we in Oregon need to consider. Will our young people look for a job in our lumber mills, our food processing plants, or with local construction firms? Or will they take lower paying employment in the nonmanufacturing sector, or even leave the state in search of employment?

"Many people, youngsters especially, want a job; jobs are not being provided and, in Industry Year and hereafter, job creation is what we have to focus on. To create jobs we have to use existing structures and one of these is manufacturing industry itself, provided we do not let it decline on the assumption that its output is inherently limited to the satisfaction, on a national basis, of currently perceived needs". (Dr. Alan Mawson). Roughly translated to apply directly to Oregon's situation, this may mean that everyone concerned with Oregon's future should apply themselves not only to preserving and aiding our established firms and industries, but also to creating an environment which will attract firms in new and growing manufacturing industries. Efforts to bring in 'high-tech' firms have certainly fallen into this category, even if the current economy has meant that the good news has been less consistent than was originally anticipated.

To summarize, February's statistics provided little in the way of definite economic direction. But Oregon's economic statistics, when considered from an historical perspective, make it clear that we are part way through a major upheaval of our old economic structure. Where and when that upheaval leaves us is unknown at this time. We hope that all Oregonians are aware of the possible future consequences of the ongoing demise of our manufacturing base, even if this is offset by continued growth in service industries.□

ENTERPRISE ZONES IN ECONOMICALLY LAGGING AREAS

Norm Solomon

(Editor's Note: Mr. Solomon is the manager of the Oregon Economic Development Department's Enterprise Zone Program.)

In 1985 the Legislature enacted House Bill 2262, setting in motion the Enterprise Zone Program. This law, which took effect on January 1, 1986, allows the Governor to designate up to 30 Enterprise Zones. Ten of these may be designated during the first year. Unless terminated earlier, the life of the zone is 10 years.

Essentially, an Enterprise Zone is an economically distressed area of 12 square miles or less which qualifies for property tax exemptions and regulatory relief as a lure to new and expanded business investment. The exemption applies to new construction and facilities expansion, as well as to investments in new machinery and equipment. Firms qualify for these benefits by creating jobs primarily for zone residents and the economically disadvantaged.

Urban and Nonurban Enterprise Zones

The law distinguishes between two classes of enterprise zones: urban and nonurban.

Urban zones may consist of contiguous census tracts within the urbanized portion of a metropolitan statistical area. These zones qualify

by meeting a hardship criterion based on median income, or through a finding of equivalent hardship by the Economic Development Commission.

Nonurban zones may be designated in non-MSA counties and in the nonurban portions of MSAs (in communities like Cottage Grove or Junction City, for example). They qualify for hardship by being located in Economically Lagging Areas, as defined in ORS 280.610.

Economically Lagging Areas

The 1977 Legislature originally created the Economically Lagging Area Tax Credit Program, with a sunset date of January 1, 1982. Counties were designated on the basis of either general economic condition or serious economic disruption. Other areas could only be designated upon specific application and upon recommendation to the Governor by the Commission. Between January 1, 1978 and the sunset of this legislation, 125 investments, totaling about $250 million, qualified for the ELA Tax Credit.

The 1981 Legislature declined to renew the tax credit and it sunsetted on January 1, 1982. However, ELAs continued to be designated, as the statutes require.

Economically Lagging Areas took on new significance with the passage of the Oregon Enterprise Zone Act.

Preliminary List

At its October 1985 meeting, the Economic Development Commission selected a preliminary list of 10 counties as Economically Lagging Areas. This preliminary list was based on an analysis of data on unemployment, median income and population growth, in comparison to statewide rates. The recent history of business closures in each county was also reviewed.

The 10 counties on the preliminary list were Baker, Coos, Curry, Douglas, Harney, Josephine, Lane, Linn, Tillamook and Umatilla. Also included on a pro forma basis was a Special Impact Area in Northeast Portland, so designated by the federal Economic Development Administration.

Baker County has had an unemployment rate higher than the statewide average every month since November 1981. Median income for both the county and city of Baker was about 81% of the statewide average, according to the 1980 Census. Baker County's population has declined consistently over the last two years, with a total loss of nearly 1.5%; Baker City's population has also declined by more than 1.6%.

Coos County has had an unemployment rate above the statewide average every month since August 1978. Coos County, as well as the cities of Coos Bay, Coquille and Myrtle Point, all have incomes below the statewide median. Coos County and each incorporated city except Powers have lost population over the last two years; Myrtle Point has lost more than seven percent. Weyerhaeuser closed down their plant in North Bend in May 1984, idling 200 workers. One hundred of these were rehired in August 1985, when the mill opened under new ownership.

Curry County has had an unemployment rate above the statewide average in 21 of the last 24 months. The county's median income is about 87% of the statewide median; the unincorporated community of Harbor, 81%. The county has lost 0.6% of its population over the last two years; Port Orford, 7.4%. Champion International laid off 322 employes in Gold Beach when it closed its plant permanently in June 1984.

Douglas County has had an unemployment rate higher than the statewide average every month since 1978. The county, as well as Roseburg, Sutherlin, Myrtle Creek and Winston, have median income levels below the statewide median. The county as a whole and the cities of Roseburg, Sutherlin, and Myrtle Creek have lost population over the last two years; Reedsport is growing, but at a rate slower than the statewide average.

Harney County has had an unemployment rate above the statewide average in 18 of the last 24 months. Median income in Burns is below the statewide median. The county has lost 3.5% of its population over the last two years; Burns, 2.9%; and Hines, 1.0%.

Josephine County has had an unemployment rate higher than the statewide average every month since 1978. Median income in the county is less than 78% of the statewide median; Grants Pass, 75%. Grants Pass continues to grow in population at a rate higher than the statewide average, but much of the attraction appears to be for noneconomic reasons. Also, some studies have discovered that part of the population gain has been due to families relocating from very high cost areas, such as Southern California, to take advantage of home equity gains and much lower living costs in Josephine County.

Lane County has had an unemployment rate above the statewide average in 15 of the last 24 months; Springfield, 24 of 24. The county's median income is 97% of the statewide average; Eugene and Springfield, both less than 90%; Junction City and Cottage Grove, less than 81%. The county and all incorporated cities except Florence, Dunes, and Creswell have lost population over the last two years. Oakridge is currently designated as an Economically Lagging Area, but the problems appear to be more generally felt throughout the county.

Linn County has had an unemployment rate above the statewide average every month since 1978. The county and Albany both have median incomes below the statewide median; Lebanon and Sweet Home, less than 80% of the statewide median. Sweet Home is losing population.

Tillamook County has had an unemployment rate above the statewide average for 20 of the last 24 months. The county's median income is 85% of the statewide median; Tillamook City, 82%. The city of Tillamook has also lost 0.5% of its population over the last two years.

Umatilla County has had an unemployment rate higher than the statewide average for 20 of the last 24 months. The county's median income is less than

94% of the statewide median; Pendleton, 94%; Hermiston, 95%; and Milton-Freewater, 72%. Pendleton, Pilot Rock and Umatilla have all lost population over the last two years; Pendleton, 2.7%. Although Pilot Rock is currently designated an Economically Lagging Area, the economic hardships are apparently more widespread throughout the county.

Comment Period

The preliminary list was sent to each county and city in the state for a 45-day comment period. During this time counties on the preliminary list were invited to respond to the prospect of being designated Economically Lagging Areas.

Counties not on the list and cities were also invited to apply to the Economic Development Commission for inclusion on the final list.

Final Test

All counties on the preliminary list opted to accept the Economically Lagging Area designation.

Eight counties and the Cities of Toledo and Redmond also applied, providing data and documentation to bolster their cases. The eight counties were Clatsop, Columbia, Crook, Deschutes, Hood River, Klamath, Malheur and Wasco.

At its meeting last December, the Economic Development Commission decided unanimously to recommend that all of the preliminary list plus the eight applying counties and the City of Toledo be designated Economically Lagging Areas. The City of Redmond's application was made unnecessary by including Deschutes County. This recommendation was sent to the Governor for official designation.

Clatsop County and Astoria had median family incomes at 91% of the statewide median; Seaside, 70%. The county unemployment rate has exceeded the statewide rate in 14 of the previous 24 months. Astoria's population had declined 1.5% over two years, and the county population grew more slowly than the state between 1983 and 1984. The most severe impact in recent years has been in seafood processing, with a loss of 900 jobs since 1978.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985	Jan. 2/ 1986	Dec. 3/ 1985	Jan. 1985
TOTAL MANUFACTURING 4/	$420.72	$416.42	$413.79	39.1	39.1	39.0	$10.76	$10.65	$10.61
Durable Goods	430.64	423.44	425.58	39.8	39.5	39.7	10.82	10.72	10.72
Lumber & Wood Products	436.08	447.52	446.08	39.5	40.1	39.9	11.04	11.16	11.18
Logging & Sawmills	457.06	476.80	483.98	38.8	39.8	40.5	11.78	11.98	11.95
Veneer & Plywood	454.69	449.22	453.17	41.6	41.1	40.9	10.93	10.93	11.08
Millwork & Struct Wood	356.57	362.23	326.20	39.4	40.7	36.9	9.05	8.90	8.84
Mobile Homes	290.68	250.75	247.51	33.8	29.5	30.9	8.60	8.50	8.01
Other Wood Products	425.88	453.17	426.78	39.0	40.9	39.7	10.92	11.08	10.75
Furniture & Fixtures	313.60	321.93	242.24	39.2	39.5	32.0	8.00	8.15	7.57
Primary Metals	479.04	508.57	483.89	40.7	42.1	41.5	11.77	12.08	11.66
Fabricated Metals	400.16	394.49	378.38	38.7	38.6	37.8	10.34	10.22	10.01
Machinery	412.40	423.20	421.22	37.8	40.0	39.7	10.91	10.58	10.61
Nondurable Goods	391.78	395.20	380.73	37.1	38.0	37.0	10.56	10.40	10.29
Food & Kindred Products	328.59	326.14	318.41	35.6	35.8	35.3	9.23	9.11	9.02
Canning & Preserving	258.79	274.03	256.41	32.8	34.6	33.0	7.89	7.92	7.77
Other Food Products	413.12	391.28	408.67	38.9	37.3	38.7	10.62	10.49	10.56
Textile Mill Products	242.50	241.13	229.59	38.8	39.4	37.7	6.25	6.12	6.09
Apparel	222.66	252.43	204.40	39.2	43.9	37.3	5.68	5.75	5.48
Paper & Allied Products	610.64	624.09	588.35	40.9	42.6	41.0	14.93	14.65	14.35
Printing & Publishing	383.64	389.13	409.37	35.1	35.7	36.1	10.93	10.90	11.34
Construction 4/	453.55	503.78	503.96	33.3	36.4	34.4	13.62	13.84	14.65
Communications & Utilities 5/	500.14	511.68	494.27	41.3	41.6	39.7	12.11	12.30	12.45
Trade 5/	232.41	286.01	286.71	33.7	34.5	33.3	8.38	8.29	8.61
Wholesale Trade	379.50	390.85	386.15	37.5	37.8	37.6	10.12	10.34	10.27
Retail Trade	234.37	237.60	238.68	31.8	33.0	31.2	7.37	7.20	7.65
Banking & Insurance	291.71	302.30	276.66						
State & Local Government	340.02	344.17	324.77						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Columbia County has a per capita income at 96% of the statewide rate. Its population did not grow between 1982 and 1984. Although the unemployment rate exceeded the statewide rate in only three of the last 24 months, there is reason to believe that rates were understated by as much as 0.5%, since many unemployment claims are filed out-of-state. Recent and announced business closures and shutdowns mean a loss of 215 jobs.

Crook County had an unemployment rate higher than the state in 17 of the last 24 months. Median family income is 92% of the state's, and population in Prineville has declined by 1.1% over the last two years. Hudspeth Sawmill closed in 1981, and a proposed land trade between the Bureau of Land Management and the U.S. Forest Service has created some uncertainty in the local lumber and wood products industry.

Deschutes County has had an unemployment rate higher than the statewide figure every month since 1978. Population has declined by more than 0.5% over the last two years. County per capita income is 92% of the statewide average; Bend, 95%; and Redmond, 76%. The Federal Government has designated Deschutes County as a Labor Surplus Area and a Long-Term Economic Deterioration Area. Air carrier service at Redmond Airport was recently reduced to flights between Redmond and Portland.

Hood River County has exceeded the state's unemployment rate in 20 of the last 24 months. Per capita income is less than 96% of the statewide average. Major business closures within the county have accounted for the recent loss of 392 jobs. The federal Economic Development Administration has declared the county eligible both for Sudden and Severe Dislocation and for Long-term Economic Dislocation assistance.

Klamath County has declined in population by 1.7% over the last two years. Per capita income is 88% of the statewide figure, and unemployment has exceeded the statewide rate for 18 of 24 months. Recent business closures have accounted for more than 750 lost jobs.

Malheur County has per capita income at 72% of the statewide average. The unemployment rate has exceeded the statewide figure in 19 of 24 months. Particularly hard-hit is Nyssa, with 10 business closures accounting for 100 jobs lost since 1980.

Wasco County has exceeded the state unemployment rate in 23 of 24 months. Population has declined by 0.9% over the last two years, and per capita income is 96% of the statewide average. Much of the distress is attributable to the closure of the Martin Marietta aluminum plant in The Dalles, resulting in a loss of 669 jobs since April 1982.

Toledo grew in population at one-third the rate of the rest of the state between 1983 and 1984. Per capita income is 97% of the state average. The county's unemployment rate exceeded the state average in 16 of 24 months. The greatest source of distress was the closure of the Georgia-Pacific plywood mill in 1984, with 220 direct layoffs and dozens of others by private contractors.

Summary

Last July, Oregon became the 26th state to pass Enterprise Zone legislation. Since that time several communities have expressed interest in the program. Nearly all of the interest has come from the non-urban portions of the state's Economically Lagging Areas.

Prospective investors have also shown an interest in the program. We hope this will lead to a revitalization of investment and job creation in areas now lagging economically for one reason or another.

On March 11, the Governor designated the following 10 areas as Enterprise Zones:

1. Coos Bay/North Bend
2. Toledo
3. Klamath Falls
4. Lebanon
5. St. Helens/Columbia City
6. Baker
7. N/N.E. Portland
8. The Dalles
9. Sweet Home
10. Albany

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